



Project #: 527-A-00-02-00134-00
Reporting Period: January – March 2005¹
SO12

I. Summary of Activity Status and Progress

A. Introductory Paragraph

This quarterly report informs directly on the advances of the revised CEDEFOR project. In addition to the standard summary of activities' progress, a table is included as an annex that details advances recorded towards annual goals and project indicators.

As reported previously, WWF-Peru has implemented a process to consolidate its USAID-financed forest sector program. Towards this end, activities included in the projects Von Humboldt – Aguaytía, Lesser Known Species and Intervention Areas Project have been integrated into a revised Certification and Development of the Forest Sector – CEDEFOR. The aim is to more effectively contribute to USAID's Strategic Objectives, especially those concerning alternative economic development opportunities in the Amazonian region.

The long term goal of WWF-Peru's **Certification and Development of the Forest Sector** – CEDEFOR is to promote modernization, formalization and efficiency of the Forest Sector by providing technical assistance and financial support to government, local communities and the private sector, thereby contributing directly to national economic growth, the conservation of forest resources, and to Government of Peru's Alternative Development Program.

During this report period, significant advances were achieved, particularly in the promotion of Voluntary Forest Certification and Chain of Custody as well as market linkages with interested timber buyers. In terms of certification, WWF-Peru, in collaboration with the Association for Integral Development (AIDER), is laying the groundwork for the certification of approximately 13,020 hectares of forest during the next report period. Meanwhile, 02 industrial enterprises, *Triplay Amazonico SAC* and *GEA* received Chain of Custody from the Forest Stewardship Council, and are fully prepared to process certified timber as it becomes available. In Madre de Dios, chains of production were established during the first Regional Timber Trade Fair in March.

¹ Report prepared by Diego Leslie (diego.leslie@wwfperu.org.pe) and Narda de la Barra (narda.delabarra@wwfperu.org.pe)

B. Highlights

- WWF-Peru and the Association for Integral Development (AIDER) elaborated an Action Plan to provide technical assistance in Forest Certification through a Financial and Technical Assistance Agreement. WWF-Peru and AIDER are promoting certification and ensuring the proper implementation of sustainable forest management practices amongst indigenous communities in Ucayali. An area of **5,103 hectares managed by 04 indigenous communities was pre-evaluated** by an accredited certifier (GFA – Ltd.) , and a total of 13,020 hectares managed by 06 communities are scheduled for complete evaluation for certification during the next report period.
- WWF-Peru provided continuous technical assistance during the pre-evaluation and evaluation process to the *Triplay Amazónico S.A.C* and *GEA* industrial enterprises, both leading producers of plywood. *Triplay Amazónico S.A.C.* and *GEA* successfully passed the **evaluation for Chain of Custody** conducted by an independent certifying organization, SKAL International. *Triplay Amazónico* has already formally **received the certification** from the Forest Stewardship Council (FSC) on March 23rd. Located in Pucallpa, *Triplay Amazonico SAC* is provided with timber from the concessionaire *Forestal BTA*, an enterprise assisted by WWF-Peru in sustainable forest management. In February 2004, *Forestal BTA* received a preliminary evaluation for Voluntary Forest Certification and is currently implementing an action plan developed with WWF-Peru.
- The promotion of producers' and buyers' links was a priority during this period. **Four chains of production were forged between 05 timber industries** (*CIKEL*, *Triplay Amazónico S.A.C*, *Aserradero Anaconda*, *Maderera Palacios* and *Exportimo*), 01 concessionaire (*Forestal BTA*) and 01 Forest Regent (AIDER). The importance of establishing chains of production between timber producers (concessionaries) and timber industries is to guarantee not only non-controversial timber sources, but also the sustainable management of permanent production forests.
- Organized by WWF-Peru, the **first Timber Trade Fair** took place in Madre de Dios, on March 17th and 18th. More than **US\$ 625,000 in timber products were sold**, corresponding to more than 1400 m3. This event hosted a total of 350 participants, including concessionaries and entrepreneurs from Cuzco, Arequipa, Juliaca, Puno and Lima. A variety of activities were held simultaneously, such as a negotiating roundtable, conferences, technical lectures, and an exhibition of portable saw and forest equipment. The negotiating roundtable resulted in commercial agreements for the sale of forest products of 22 different species. Of the total volume negotiated, more than 490 m3 corresponded to **Lesser Known Species for an estimated value of US\$ 65,000** and 400 m3 corresponded to mahogany of non controversial sources for an estimated value of US\$ 460 000.

C. Table of Activity Status

Activity Number	Activity Title	Status	Page number for more information
1	Institutional Strengthening	On-track	3
2	Sustainable Forest Management and Forest Certification	On-track	5
3	Business and Market Development	On-track	8

Status Categories: Completed, On-track, Delayed, Mixed performance, Pending, Canceled

II. Description of Site Progress

a. Key short and long-term program objectives for the sites.

This project aims to achieve the following key objectives:

1. To strengthen relevant capacities of government, civil society and private sector institutions in order to facilitate the forest concessions process and improve the economic viability of the forest sector.
2. To increase forest productivity in selected representative, competitive and certified forest enterprises and local communities in the targeted regions, through sustainable and certified forest management and integrated chains of production.
3. To increase the profitability of selected individual enterprises, forest consortia and local community enterprises, generating increased sales and employment opportunities, by strengthening their business management capacities, facilitating strategic alliances, and improving links to local, national and international markets.

b. Summary of Progress for Site (if this provides added value or clarity, otherwise skip this)

c. Activity Description

CEDEFOR component I: Institutional Strengthening²

i. Summary of major achievements and progress

- WWF-Peru continued to provide support to INRENA. During this period, INRENA verified in the field the existence of mahogany in 18 concessions located in Madre de Dios. Five of the concessions were found by INRENA to be sites of illegal logging. In Ucayali, WWF-Peru provided logistical support for INRENA personnel to effectively verify 02 concessions (*Cristo es mi Camino* and *Dorado*) and 02 indigenous communities (Yamino and Mariscal Cáceres). In Huánuco, WWF-Peru supported INRENA in the inspection of 01 concession (*Ecomusantin*). Independently, WWF-Peru technicians completed 03 field verifications of *Aserradero Señor de Muruhuay*, *Carlo Muñoz Valdivia* and *Asociación Titrol*.
- WWF-Peru, through CEDEFOR, continues to invest significant effort in the establishment and implementation of local Forest Management Committees (FMC). In Madre de Dios, 01 Committee in the Las Piedras watershed received approval of its governing statutes. It should be formally recognized by INRENA during the next quarter. In Huánuco, 01 Committee that was previously included in the Public Registries as an Association was formally recognized by INRENA. The coordination with INRENA continues in Ucayali in order to obtain recognition of the committees in Aguaytia and San Alejandro. Both requests were submitted to the Public Registries. In San Martin, 02 Forest Management Committees are in the early stages of development in Saposoa and Alto Saposoa. In Loreto, representatives of local organizations that are in the Shishita and Itaya watersheds (local institutions, concessionaries and other stakeholders) met with WWF-Peru staff to familiarize themselves with the formation of Forest Management Committees.
- During this report period, the Regional Governments of Madre de Dios, San Martin and Ucayali, in collaboration with civil society institutions active in the Regional Dialogue Roundtables worked towards developing regional plans to combat illegal logging and regional strategic plans for forest

² Please refer to page 10 of Annex 1 for a presentation of advances per indicator and towards annual goals

development. WWF-Peru is focusing its efforts on providing technical assistance to transfer the responsibilities of the regional forest intendances of INRENA to the Regional Governments, targeting initial efforts towards San Martín.

- WWF-Peru continues to support the National Multi-Sectoral Commission to combat illegal logging, participating in weekly meetings since February 2005. In addition, technical support is being provided to the Commission in the development of its Strategic Plan. WWF-Peru also collaborated with Regional Governments in Ucayali, Madre de Dios and San Martín in order to elaborate the Strategic Plans of the Regional Multi-Sectoral Commissions to combat illegal logging. Representatives of the Regional Forest Dialogue Roundtable of Madre de Dios also actively participated in this process. In San Martín, stakeholders from Saposoa and Alto Saposoa collaborated during these meetings.
- Technical assistance was provided to timber producers associations in three regions. In Madre de Dios, WWF-Peru provided support for organizational strengthening for the Tambopata Forest Concessionaries Association (ACOMAT). In San Martín, assistance was provided to ACOFORSAM (SM Forest Concessionaire Association) for the development during this period of its Strategic Plan. In Ucayali, WWF-Peru supported 02 Forest Concessionaire Associations in Pucallpa and Aguaytía. The Association in Aguaytía has completed the development of its Strategic Plan.
- In order to build alliances with local stakeholders in Loreto, the CEDEFOR Technical Director met with the inter-institutional working group FOCAL BOSQUE and IIAP, during which it was agreed to develop formal coordination of assistance to selected forest concessions and promote watershed management. A separate meeting was held with 15 university students and concessionaires to introduce the concepts and incentives of pursuing sustainable forest management and Voluntary Forest Certification.
- WWF-Peru provided support and participated in a workshop evaluating the sustainable forest management process up to date. This was an effort coordinated by IIAP in Loreto and resulted in a series of recommendations and commitments of the different stakeholders.

ii. Key management issues

During this report period, WWF-Peru and INRENA completed the implementation of their co-institutional Annual Operating Plan. With the termination of the Operating Plan, all financial and technical assistance to INRENA is subject to evaluation. WWF-Peru will determine future actions based on their potential to be effective and sustainable. Unfortunately, at the same time, INRENA has suffered from budget cuts and has requested additional financial support.

Illegal logging continues to pose the greatest threat to the viability of the forest concessions process. INRENA's incapacity to confront this issue, coupled with concessionaires' lack of capital, spurns an informality among forest users who are resistant to change. The results of recent field verifications of concessionaires' harvest areas confirm WWF-Peru's belief that a concerted approach needs to be pursued by diverse stakeholders to mitigate illegal logging and commerce that until now is prevalent throughout the chain of production.

CEDEFOR component II: Sustainable Forest Management and Forest Certification³

i. Summary of major achievements and progress

- CEDEFOR continues to provide technical assistance to concessionaires that were awarded forest concessions in the first and second rounds of public bidding. Currently 106 concessions receive CEDEFOR assistance covering an area of 1,728,267 hectares. Below is a table of the enterprises per region that continue to receive CEDEFOR technical assistance. It is foreseen that this number will rapidly decrease in order to focus assistance to a number of concessions with good prospects for financial viability and certification.

Region	Madre de Dios	Ucayali	San Martin	Huanuco	Loreto
Concessions	21	24	12	25	24
Hectares	419,725	702,476	165,893	157,680	282,493

- In terms of Forest Certification, WWF-Peru made significant progress. Among the forest enterprises and concessions assisted by CEDEFOR, 17 enterprises were selected to pursue certification in a first round of initiatives until December of 2006 for a total of 767,000 hectares. These initiatives are being implemented by key enterprises and concessions that are practicing responsible forest management and that have management plans viable in the long term. Of these, 04 were evaluated in 2004 and action plans are being developed for each of them (133,830 hectares).
- WWF-Peru and the Association for Integral Development (AIDER) elaborated an Action Plan to provide technical assistance in Forest Certification through a Financial and Technical Assistance Agreement as part of CEDEFOR's role in offering assistance to national forest sector stakeholders. WWF-Peru and AIDER are promoting certification and ensuring the proper implementation of sustainable forest management practices amongst indigenous communities in Ucayali. An area of 5,103 hectares managed by 04 indigenous communities was pre-evaluated by GFA Ltd., an accredited certifier. The recognition of AIDER as a Forest Regent is in progress and will be official during the next months. The scheme of Forest Regent is being developed to allow small landowners apply for Forest Certification as a group. This model recognizes one organization as the Forest Regent which is responsible for the sustainable forest management of its partners. In order to ensure our support for AIDER is being effectively implemented, CEDEFOR technicians have carried out several field monitoring and evaluation missions.
- WWF-Peru provided continuous technical assistance during the pre-evaluation and evaluation process to the *Triplay Amazónico S.A.C* and *GEA* industrial enterprises, both leading producers of plywood. *Triplay Amazónico S.A.C.* and *GEA* successfully passed the evaluation for Chain of Custody conducted by an independent certifying organization, SKAL International. *Triplay Amazónico* has already formally received the certification from the Forest Stewardship Council (FSC) on March 23rd. Located in Pucallpa, *Triplay Amazonico SAC* is provided with timber from the concessionaire *Forestal BTA*, an enterprise assisted by WWF-Peru in sustainable forest management.
- During this report period, technical assistance for the approval of General Forest Management Plans (GFMP) and Annual Operating Plans (AOP) was prioritized in order to generate and promote sustainable harvesting practices and eventually forest certification. At present 40 GFMP and 18 AOP are currently in progress. Once revised by WWF technical specialists, these documents will be

³ Please refer to page 12 of Annex 1 for a presentation of advances per indicator and towards annual goals

submitted to INRENA for approval. Annual Operating Plans and General Forest Management Plans will facilitate forest concessionaires to harvest according to the principles of sustainable forest management. The tables below provide details of the advances to date in GFMP and AOP development.

Table: GFMP Progress (January – March 2005)

Region	Nº of GFMP completed		Nº of GFMP Submitted		Nº of GFMP approved		Nº of GFMP pending approval	
	Nº	Área (ha)	Nº	Área (ha)	Nº	Área (ha)	Nº	Área (ha)
MDD	1	9,701	1	9,701	-	-	1	9,701
UCA	2	25659	2	25659	-	-	2	25659
SM	4	52,255	4	52,255	-	-	4	52,255
HUA	6	52,748	6	52,748	-	-	6	52,748
LO	-	-	-	-	-	-	-	-
TOTAL Period	13	140363	13	140363	0	0	13	140363
ACCUMULATED TOTAL since 2003	77	1,499,179	77	1,499,179	45	1,135,961	32	363,218

Table: AOP Progress (January – March 2005)

Region	Nº of AOP completed		Nº of AOP Submitted		Nº of AOP approved		Nº of AOP pending approval	
	Nº	Área (ha)	Nº	Área (ha)	Nº	Área (ha)	Nº	Área (ha)
MDD	-	-	-	-	-	-	-	-
UCA	7	4333	7	4333	-	-	7	4333
SM (5)	1	267	1	267	-	-	1	267
HUA	3	2141	3	2141	-	-	3	2141
LO	-	-	-	-	-	-	0	0
TOTAL Period	11	6741	11	6741	0	0	11	6741
ACCUMULATED TOTAL since 2003	113	71,391	113	71,391	88	55,909	25	15,482

- In Loreto, where forest users are still in the early stages of forest planning, 19 concessionaires received assistance in the implementation of 100% commercial forest inventories of a total area of 11,377 hectares that correspond to Exceptional Forest Management Plans (EFMP) for the first year of forest operations. Twelve of these EFMP were approved by INRENA. In order to complement INRENA's forest data for developing General Forest Management Plans, WWF-Peru forest specialists in Loreto initiated exploratory forest inventories. The first of these forest inventories covered 5,000 hectares. During 2005, 02 more exploratory forest inventories are being planned in this region.
- The promotion of producers' and buyers' links was a priority during this period. Four chains of production were forged between 05 timber industries (*CIKEL, Triplay Amazónico S.A.C, Aserradero Anaconda, Maderera Palacios* and *Exportimo*), 01 concessionaire (*Forestal BTA*) and 01 Forest Regent (*AIDER*). The importance of establishing chains of production between timber producers (concessionaries) and timber industries is to guarantee not only non-controversial timber sources, but also the sustainable management of permanent production forests.

- Integrated watershed management is a strategy utilized to establish areas free of illegal logging and illicit crops and where ecological services can be sustainably maintained. In Ucayali, WWF-Peru technicians coordinated with the National University of Ucayali (UNU) the collection and systematization of ecological and socio-economic information from the field, including High Conservation Value areas (HCV) and vulnerable zones in four watersheds: Aguaytia, San Alejandro, Utiquinía and Cohengua. In San Martín, 07 of 12 municipal conservation areas were economically, socially and ecologically characterized. In the prioritized Río Saposoa watershed, potential areas for reforestation and landscape restoration were previously identified. In Huánuco, the Magdalena watershed was analyzed.
- During this report period, CEDEFOR in coordination with the Peruvian Certification Council (CP-CFV) continued to strengthen the capacities of forest users in forest management activities and Forest Certification. In Ucayali, WWF-Peru facilitated a training course to introduce the new certification standards for Chain of Custody. Twenty-five representatives of forest enterprises participated along with WWF-Peru technicians.
- As one of the cross-cutting strategies of the CEDEFOR project, WWF-Peru continued to strengthen the professional and technical capacities of forest specialists on a national level. The second phase of the Technical Support Program with University Students was implemented between January and March 2005. A total of 56 students – of which 59% pertained to regional universities – participated. The collaborators actively participated in detailed forest inventories, data processing following inventories, the collection and systematization of information for Forest Certification and Chain of Custody, and data collection about Brazil nut production in Madre de Dios.

ii. Key management issues

As part of the revised CEDEFOR project, WWF-Peru is gradually implementing its strategy to focus assistance in prioritized watersheds and viable forest enterprises committed to sustainable forest management and forest certification. Providing targeted assistance concentrates resources, reducing costs associated with logistics of monitoring and supervision of field activities while at the same time it permits a more detailed analysis of the strength of the concessions system at the field level.

Nevertheless, the adoption of a new approach is always accompanied by a period of adjustment. As mentioned previously, technical personnel are immersed in the preliminary phase of collection, systematization and analysis of data at the watershed level – an activity facilitated by forging relationships of trust between Forest Management Committees and other local stakeholders.

Concessionaries that are invested in sustainable forest management often do not have the capital or access to credits, while some of the larger companies that do have capital have only limited interest in sustainable forest management, since the latter requires more transparency that they can and currently are prepared to achieve. Thorough analysis of the concession is necessary before entering into a supporting agreement.

CEDEFOR component III: Business and Market Development⁴

i. Summary of major achievements and progress

- Organized by WWF-Peru, the first Timber Trade Fair took place in Madre de Dios, on March 17th and 18th. More than US\$ 625,000 in timber products were sold, corresponding to more than 1400 m³. This event hosted a total of 350 participants, including concessionaires and entrepreneurs from Cuzco, Arequipa, Juliaca, Puno and Lima. A variety of activities were held simultaneously, such as a negotiating roundtable, conferences, technical lectures, and an exhibition of portable saw and forest equipment. The negotiating roundtable resulted in commercial agreements for the sale of forest products of 22 different species. Of the total volume negotiated, more than 490 m³ corresponded to Lesser Known Species for an estimated value of US\$ 65,000.
- Developed by WWF-Peru in close collaboration with the Caja Rural de San Martín (CRSM), the financial services mechanism provides a source of credit to resource-poor forest enterprises. To date, 09 credits for capitalization and labor capital have been disbursed to the forest concessionaires. In Huánuco, one of these credits financed the acquisition of a forest tractor at a value of US\$ 40,000. During the report period, WWF specialists provided assistance in the elaboration of a business plan for the Brazilian Nut Association of Tambopata (ASCART) in Madre de Dios. Business plans are a prerequisite to request loans and qualify as credit beneficiaries of the Trust Fund. In addition, business plans serve to formalize partnerships in chains of production, guaranteeing concessionaires and other timber producers with a buyer.
- The enterprise Exportimo developed a commercial promotion plan for 2005 for furniture pieces constructed with the LKS species *Cachimbo* and *Capirona*. Exportimo also established agreements to purchase timber from 06 communities assisted by AIDER. These communities will continuously provide *Cachimbo* and *Capirona* timber to Exportimo. In collaboration with AIDER, WWF-Peru organized 2 workshops about chains of production for the 6 communities in Ucayali.
- In collaboration with the enterprises Exportimo, Magensa and Consortium Madepives, WWF-Peru completed the editing and design of the guide and manual for industrial processing of 10 LKS species. The manual is oriented to provide standards for processing LKS species and will be printed and distributed during the upcoming months.
- A total of 08 concessionaires and 01 Forest Regent are currently harvesting LKS species. In addition, through articulated chains of production, 06 industrial enterprises are processing 15 LKS species. Lessons learned from Exportimo, Magensa and Madepives will be critical to the success of these businesses in marketing the alternative timber in national and international markets.
- WWF-Peru developed a capacity building program for concessionaires and manufacturers located in the southern corridor (Puno, Cusco, Juliaca, Arequipa and Lima). This program was implemented during the First Timber Trade Fair in Madre de Dios. Several technical lectures were given by WWF specialists in the use of the manual about processing LKS species and Exportimo's expertise in processing and selling LKS species in international markets.
- A total of 8421 temporary positions were generated during this report period, while implementing a variety of activities such as exploratory and detailed forest inventories and forest harvesting. In terms of timber sales, a total of 2,384 cubic meters were sold for a value of USD 738,018.

⁴ Please refer to page 15 of Annex 1 for a presentation of advances per indicator and towards annual goals

ii. Key management issues

At present, WWF-Peru is evaluating the financial services mechanism that has been implemented to offer a source of much-needed credit to forest enterprises during the initial years of their operations. Prior to disbursing additional loans, the *Caja Rural de San Martin*, along with *CEDISA* and WWF-Peru, will discuss the efficiency of the program to date, in light of lessons learned and challenges reported.

With the implementation of a consolidated strategy to promote forest certification initiatives among interested and viable enterprises, WWF-Peru is beginning to see the fruits of greater integration between timber producers and buyers. The example of *Triplay Amazonico SAC* is one such success detailed above.

Following the first Timber Trade Fair in Madre de Dios, WWF-Peru has identified the urgent need to develop a comprehensive monitoring system for forest production. Plans are currently underway to begin the development and subsequent training of users in the system.

III. Success Stories and Other Appendices

When appropriate and possible, include one or more one-page success stories appropriate for public dissemination.

Annex 1.

Results	Indicators	Year 1	Progress (Jan – Mar)
COMPONENT 1. INSTITUTIONAL STRENGTHENING			
1.1 National and regional governmental forest administration (INRENA) strengthened in order to effectively and efficiently coordinate actions, to modernize and reform the forest sector and the implementation of CITES Appendix II mahogany listing	Capacities of administrative and scientific authorities strengthened to ensure effective implementation of CITES Appendix II Mahogany	Strategic and operating plan of the two authorities. Support of personnel and UNALM support for INRENA through ITTO project. Implementation of first phase of ITTO project: system of production control and mahogany flow elaborated. First evaluation of state of mahogany populations. Control of 20 concessions active in mahogany harvesting.	During this period, INRENA verified in the field the existence of mahogany in 18 concessions located in Madre de Dios. Five of the concessions were found by INRENA to be sites of illegal logging.
	INRENA staff in Lima, Ucayali, Madre de Dios, Loreto, Huanuco and San Martin trained and effectively supervise sustainable forest management and control illegal logging.	The ITFFS of INRENA with adequate capacity to evaluate and approve the GFMP, AOP, FMC. Improvement in control and administrative conditions of ATFFS of MDD, UCA and SM. Control posts installed in Atalaya, Sepahua, Aguaytía. 100 GFMP and AOP approved.	In Ucayali, WWF-Peru provided logistical support for INRENA personnel to effectively verify 02 concessions (Cristo es mi Camino and Dorado) and 02 indigenous communities (Yamino and Mariscal Cáceres). In Huánuco, WWF-Peru supported INRENA in the inspection of 01 concession (Ecomusantin).
	A national Multi-Sectoral Commission to combat illegal logging and three (03) regional commissions with action plans and strategies in implementation.	Multi-Sectoral Commission to combat illegal logging in operation with budget. Training of personnel of key institutions. Annual report of state of illegal logging. Development of evaluation and field control system.	WWF-Peru continues to support the National Multi-Sectoral Commission to combat illegal logging, participating in weekly meetings since February 2005. In addition, technical support is being provided to the Commission in the development of its Strategic Plan.
			WWF-Peru also collaborated with Regional Governments in Ucayali, Madre de Dios and San Martín in order to elaborate the Strategic Plans of the Regional Multi-Sectoral Commissions to combat illegal logging. Representatives of the Regional Forest Dialogue Roundtable of Madre de Dios also actively participated in this process. In San Martin, stakeholders from Saposo and Alto Saposo collaborated during these meetings.
1.2 Civil society institutions (forest management committees, local communities, indigenous federations and non governmental organizations) strengthened to actively participate in the sustainable management of forest resources and to combat illegal logging	Eighteen (18) forest management committees with development and anti-illegal logging plans in implementation	Ten (10) FMC with development plans approved and in implementation.	WWF-Peru, through CEDEFOR, continues to invest significant effort in the establishment and implementation of local Forest Management Committees (FMC). In Madre de Dios, 01 Committee in the Las Piedras watershed received approval of its governing statutes. It should be formally recognized by INRENA during the next quarter. In Huánuco, 01 Committee that was previously included in the Public Registries as an Association was formally recognized

Results	Indicators	Year 1	Progress (Jan – Mar)
			by INRENA. The coordination with INRENA continues in Ucayali in order to obtain recognition of the committees in Aguaytia and San Alejandro. Both requests were submitted to the Public Registries. In San Martin, 02 Forest Management Committees are in the early stages of development in Saposoa and Alto Saposoa. In Loreto, representatives of local organizations that are in the Shishita and Itaya watersheds (local institutions, concessionaries and other stakeholders) met with WWF-Peru staff to familiarize themselves with the formation of Forest Management Committees.
1.3 Private sector associations strengthened and consolidated with strategic plans, and with the capacity to contribute effectively to forest sector modernization	One (01) national and five (05) regional forest producers and industry associations with strategic plans for national and international markets		Technical assistance was provided to timber producers associations in three regions. In Madre de Dios, WWF-Peru provided support for organizational strengthening of the Tambopata Forest Concessionaries Association. In San Martin, assistance was provided to ACOFORSAM (SM Forest Concessionaire Association) for the development during this period of its Strategic Plan. In Ucayali, WWF-Peru supported 02 Forest Concessionaire Associations in Pucallpa and Aguaytía. The Association in Aguaytía has completed the development of its Strategic Plan.

Results	Indicators	Year 1	Progress (Jan – Mar)
COMPONENT 2. SUSTAINABLE FOREST MANAGEMENT AND CERTIFICATION			
2.1 Forest concessions and local communities in selected areas and watersheds implementing sustainable forest management and committed to voluntary forest certification	One (01) million ha. administered by forest concession enterprises and consortia certified according to credible international standards or in process of certification and 100,000 ha. of community forests certified according to credible international standards and/or in process of certification.	<p>536,744 Ha. with pre-evaluation and/or MIV diagnostics.</p> <p>400,000 ha. with action plans for certification.</p> <p>90,000 ha. with a complete evaluation for forest certification.</p> <p>45,000 ha. of community forests with pre-evaluation and/or MIV diagnostics of which 30,000 ha. with action plans for certification.</p> <p>27,000 ha. of community forests with credible, international group certification of Brazil nut (NTFP - Non Timber Forest Products).</p>	<p>In 2004, 332,919 hectares were evaluated but 199,000 hectares with problems of overlap with communities.</p> <p>03 forest enterprises with Action Plans for certification. Forestal BTA (13,650 hectares) Aserradero Tarapoto (27,033 hectares) Maderacre & Maderija (93,200 hectares) Total amount: 133,830 hectares</p> <p>01 Forest Regent – AIDER (5,103 hectares) Total amount: 5,103 hectares</p> <p>Forest Regent - ASCART (26,950 hectares) Total amount: 26,950 hectares</p>
	An area of 2,500,000 ha. with management plans approved by INRENA and four (04) indigenous communities with basic technical assistance with management plans approved by INRENA (500,000 ha)	80 forest concessions and one (01) indigenous community with technical assistance, with sustainable general forest management plans (GFMP) and annual operating plans (AOP) approved by INRENA (1.8 million ha).	<p>77 forest concessions with GFMP covering a total area of 1,499,179 hectares. During this period 13 GFPM were completed and submitted to INRENA, all of which are pending approval.</p> <p>113 AOP completed and submitted to INRENA covering a total area of 71,391 hectares. During this period, 11 AOP were completed and submitted to INRENA, all of which are pending approval.</p>

Results	Indicators	Year 1	Progress (Jan – Mar)
	Seven (07) critical areas and watersheds with integrated sustainable forest management plans (forest-industry) with stakeholder participation taking into account some of the USAID priority areas	Ecological and socioeconomic characterization of five (05) priority watersheds. Forest Management Plan framework for priority watersheds	Integrated watershed management is a strategy utilized to establish areas free of illegal logging and illicit crops and where ecological services can be sustainably maintained. In Ucayali, WWF-Peru technicians coordinated with the National University of Ucayali (UNU) the collection and systematization of ecological and socio-economic information from the field, including High Conservation Value areas (HCV) and vulnerable zones in four watersheds: Aguaytia, San Alejandro, Utiquinía and Cohengua. In San Martin, 07 of 12 municipal conservation areas were economically, socially and ecologically characterized. In the prioritized Río Saposo watershed, potential areas for reforestation and landscape restoration were previously identified. In Huánuco, the Magdalena watershed was analyzed.
	Fifteen (15) Chains of Custody involving primary and secondary transformation	<p>12 enterprises with Chains of Custody (CoC) diagnostic evaluations.</p> <p>07 enterprises with action plans for implementing CoC.</p> <p>03 enterprises with certification evaluations of CoC.</p> <p>Organization of producers group for responsible business of mahogany.</p>	<p>05 enterprises evaluated. Forestal Nieto, Aserradero Anaconda, Maderera Palacios, Aserradero Tarapoto, Maderacre & Maderija.</p> <p>03 enterprises with action plans for implementing CoC. Forestal Nieto, Aserradero Anaconda, Maderera Palacios.</p> <p>02 enterprises certified; Tiplay Amazónico S.A.C and GEA S.A.</p> <p>07 enterprises are interested in taking part in the Producers Group: Maderacre & Maderija, Aserradero Tarapoto, Triplay Amazonico, GEA, Maderera Palacios, Aserradero Anaconda, Exportimo and 01 Forest Regent – AIDER (06 indigenous communities)</p>
	Environmental Impact studies at the commencement and completion of project activities in area of influence of CEDEFOR	Monitoring plan designed at the concession, ecosystem and watershed level.	01 Monitoring Plan designed at the concession, ecosystem and watershed level. (Draft Document)

Results	Indicators	Year 1	Progress (Jan – Mar)
COMPONENT 2. SUSTAINABLE FOREST MANAGEMENT AND CERTIFICATION			
2.2 Degraded areas in the ADP area of influence recuperated through sustainable management plans, restoration and reforestation activities	34,000 ha. of secondary forests and agroforestry systems with management plans	10,000 ha of secondary forests and agroforestry systems with management plans.	<p>In Aguaytia, 06 proposals for reforestation concessions were submitted to INRENA, covering a total area of 8321 hectares. Of these, 04 are located in río Aguaytia watershed and 02 in río San Alejandro watershed.</p> <p>Monitoring of 40 Agroforestry Systems.</p> <p>Transferring process of 02 nurseries to communal enterprises.</p> <p>Transferring process of 09 hectares of green belt to local communities (Barrio Unido, Nueva Tahuantinsuyo y Corazón de Jesús)</p>
	1,000 ha. of existing plantations evaluated and with rehabilitation plans	1,000 ha. of existing plantations evaluated and with rehabilitation plans	In San Martín 200 hectares were evaluated.

Results	Indicators	Year 1	Progress (Jan – Mar)
COMPONENT 3. BUSINESS AND MARKET DEVELOPMENT			
3.1 Business and technical capacities of forest enterprises improved, ensuring the increase in profitability and generation of employment opportunities through economically viable operations	Forest business activities generate 300,000 temporary employment days and 7,000 permanent employment opportunities for local populations	200,000 days of temporary employment and 600 permanent employment positions	In Aguaytia 23 temporary employment positions. In Ucayali 1980 temporary employment positions. In Huánuco 1873 temporary employment. In San Martín 128 temporary employment positions. In Madre de Dios 300 temporary employment positions. In Loreto 4177 temporary employment positions. Total amount of 8421 temporary positions positions.
	Transformed forest products from management plans from assisted concessionaires sold at a value of USD 55 million	Sales of transformed primary forest products from assisted concessionaries at a value of USD 14.5 million. 60 forest concessions assisted and trained in the modules and formation of business plans and consortia and/or alliances.	In Ucayali sales of transformed primary forest products of a total amount of 253 m ³ , at a value of US\$ 43,596. In Huánuco total sales during this report period were 995 m ³ , at a value of US\$ 194,422. In Madre de Dios 1136 m ³ at a value of US\$ 500,000. Total amount in sales of 2,384 m ³ at a value of US\$ 738018
	Transformed forest products of Lesser Known Species from management plans of assisted concessionaires sold at a value of USD 13.7 million	Transformed forest products of Lesser Known Species from management plans of assisted concessionaires sold at a value of USD 3.5 million	During the first Timber Trade Workshop in Madre de Dios, the negotiating roundtable resulted in commercial agreements for the sale of forest products of 22 different species. Of the total volume negotiated, more than 490 m ³ corresponded to Lesser Known Species for an estimated value of US\$ 65,000.

Results	Indicators	Year 1	Progress (Jan – Mar)
	12 concessionaires and/or communities and 3 industrial enterprises harvesting and processing eight (08) LKS species.	12 concessionaires and 3 industrial enterprises harvesting and processing eight (08) LKS species.	<p>08 concessionaries and 01 Forest Regent are currently harvesting LKS species:</p> <p><u>Ucayali</u> Forestal BTA EFASAC VON HUMBOLT FOREST Horacio Pipo AIDER (06 indigenous communities)</p> <p><u>San Martín</u> Aserradero Tarapoto</p> <p><u>Huánuco</u> Carlos Muñoz Edmundo Muñoz Aserradero Tingo María Julio Méndez</p> <p>06 industrial enterprises: Exportimo, Maderera Palacios, EFASAC, GEA, Forestal Nieto, Aserradero Tarapoto and Aserradero Tingo María are processing 15 LKS species: moena, palta moena, cumala, cachimbo, capirona, tornillo, loromicuna, panguana, cedro huasca, cedro lila, riñon de huangana, moena amarilla, moena blanca, higuierilla, huimba.</p>
3.2 An established financial services mechanism will continue to provide support for forest enterprise development	A total of USD 588,000 will be distributed in loans through a Trust Fund mechanism for medium and small scale forest users	USD 588,000 awarded in loans to consortia and/or strategic business alliances of forest concessions	USD 40,000 for an acquisition of a forest tractor for the Consortia La Palabra in Huánuco.